

2017

Mobile Gaming Apps Report

USER ACQUISITION TRENDS AND BENCHMARKS



Table of Contents

● Getting Started

- 4 Introduction
- 5 Gaming Report Highlights

●● Costs and Conversion Rates

- 7 Costs and Conversion Rates

●●● Platform, Gender and Region

- 9 Engagement by Platform
- 10 Engagement by Gender
- 12 Engagement by Region

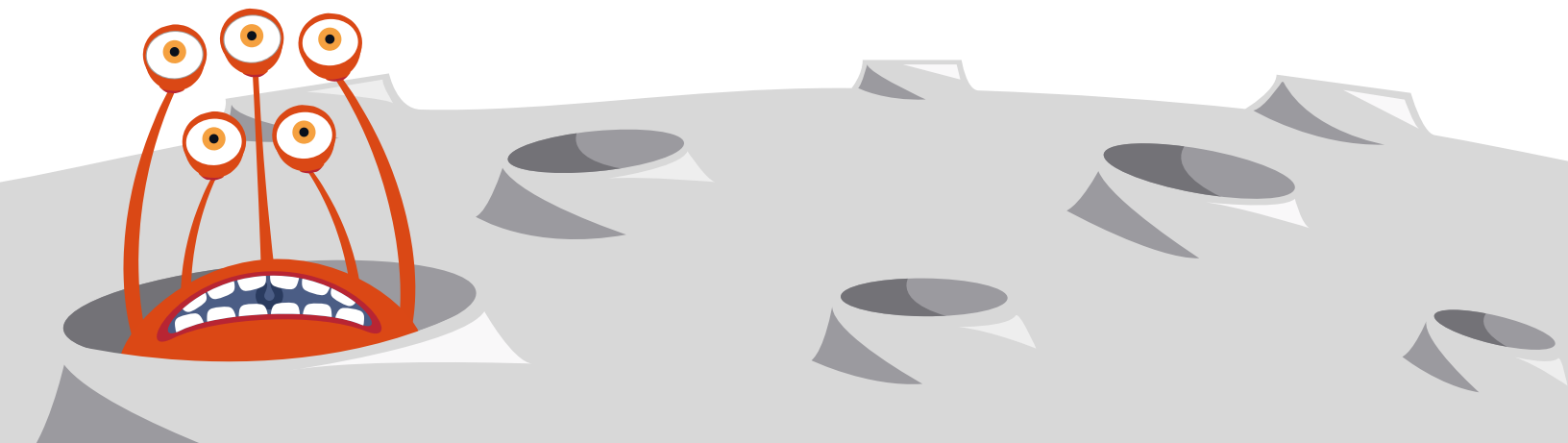
●●●● Monthly Trends

- 14 Cost-per-Install Engagement by Month
- 15 In-App Purchase Engagement by Month

●●●●● Engagement by Subcategory

- 18 Acquisition Costs by Subcategory
- 19 Install-to-Purchase Rates by Subcategory

●●●●●● Conclusion



Getting Started



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Introduction

Add up all the revenues related to games as a percentage of the global mobile app market, and you'll find that this app category has become "monstrously big" and massively successful.

Indeed games **rule** as the top app category, generating \$34.8 billion worldwide, or 85% of total app market revenue in 2015. The good news: with 2,750+ apps coming online daily in December 2016 (in the Apple App Store alone), app market growth (and revenues) show no signs of slowing. The not-so-good news: more apps means more competition for users, a dynamic that is driving user acquisition costs into the stratosphere.

App marketers feel caught in the middle, squeezed by rocketing UA costs and pressured to deploy other tactics in order to identify, engage and retain valuable users. This is where a solid grasp of the data can keep you (literally) at the "top of your game" – providing insights into both your target audience and the costs associated with driving users past the install to the all-important purchase.

What should you expect to pay to acquire a user willing to spend in your game? When should you run campaigns to capture and convert valuable users? Which gaming app categories have the competitive edge when it comes to engaging and converting users? This report addresses these questions – and more.

The 2017 Mobile Gaming Apps Report draws from Liftoff internal data from October 2015 through October 2016 – which spans 7+ billion ad impressions (7,864,572,731, to be exact) across 3+ million (3,643,835) app installs. Specifically, the report tracks the cost of installs, registrations, and in-app purchases (IAP), and breaks down data by platform (iOS and Android), user demographics (gender), and region (North America, EMEA and APAC). Finally, the report compares data across a variety of gaming categories, including action-adventure, card, casino, puzzle and strategy.

PLAY ON

Gaming Report Highlights



1

The overall install-to-purchase rate (the rate of users that convert, going from install to purchase for the period October 2015 - October 2016) for gaming apps is higher than average when compared to other app categories.

2

Acquiring users who will register in the gaming app, the key action that will allow app developers to engage and re-engage with their audience over the lifespan of the app, costs nearly 2x more on iOS compared with Android.

3

It costs more to acquire males who register in gaming apps than it costs to acquire females.

4

In North America, the install-to-purchase engagement rate is nearly 4x higher than in EMEA.

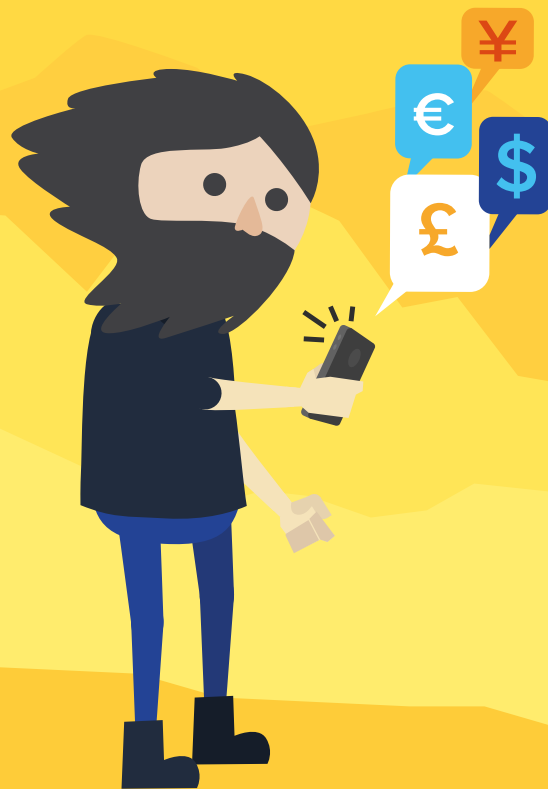
5

The cost associated with acquiring a user that converts from install to purchase for casino games is roughly 4x more than casual games.

6

Players are nearly 3.5x more likely to make an in-app purchase in a mobile card game than they are in an action-adventure mobile game.

Costs and Conversion Rates



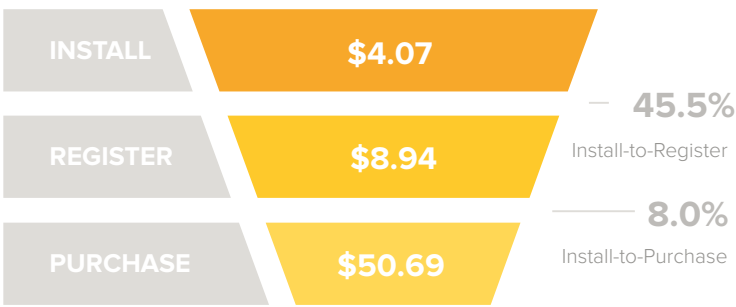


3 Million
APP INSTALLS

Costs and Conversion Rates

The 2017 Mobile Gaming Apps Report tracks gaming app installs, registrations and in-app purchases across several popular gaming categories.

As the Gaming Engagement Funnel shows, it costs an average of \$4.07 to acquire a user and \$50.69 to convert a player into a first-time purchaser.



OVERALL GAMING ENGAGEMENT FUNNEL

The 8%+ install-to-purchase rate is above average for gaming apps compared to other app categories, which Liftoff has examined in [earlier reports](#).



Platform, Gender & Region



Gaming App Engagement by Platform

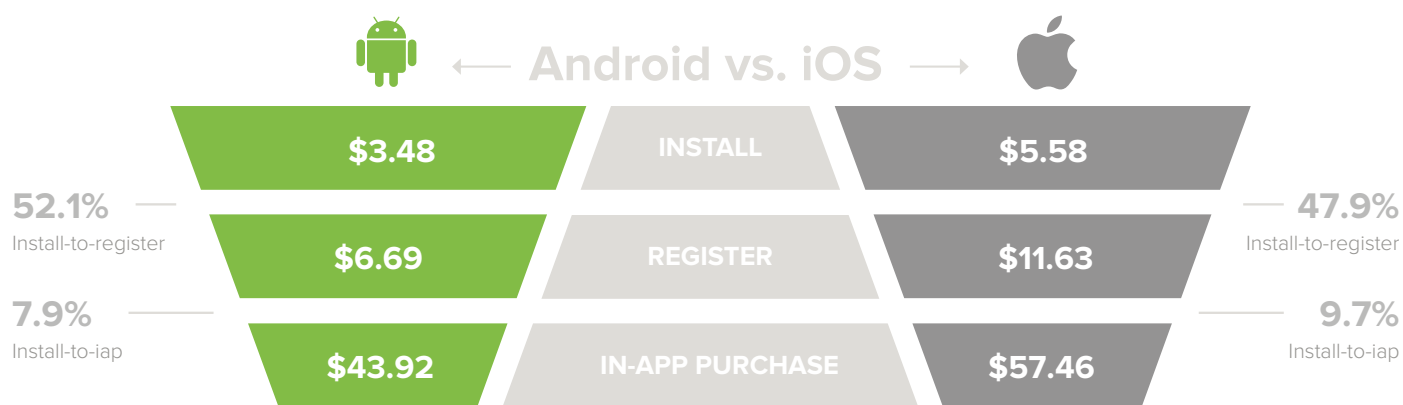
iOS vs. Android

When comparing user acquisition costs by event, Android performs better across the board – appearing to give app developers much more bang for their app marketing budget.

The cost-per-install is a whopping 60% more on iOS than on Android. In addition, cost-per-registration is 73% more on iOS than on Android and cost-per-IAP is 30% more. But appearances can be deceiving - and misleading.

A closer examination of the data reveals that iOS users are more likely to engage post-install - and drive better results. Specifically, iOS users were 22.4% more likely to complete an in-game

purchase than Android users. This dovetails with a [recent report](#) that looked at retention rates across game verticals and platforms, which found that games on iOS see higher retention rates than games on Android. Even though iOS users may be more expensive to acquire, they are worth it as they are potentially far more loyal (and spend more) than their Android counterparts.



GAMING APP ENGAGEMENT BY PLATFORM

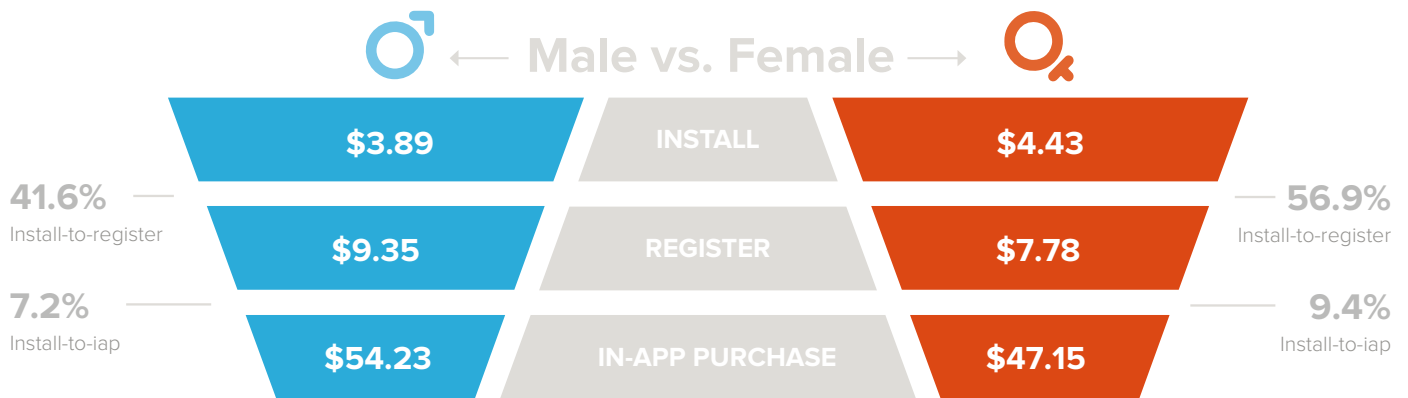


Acquiring users who register in a gaming app cost 73.8% more on iOS than Android - but the effort could pay off in the end as iOS users are more likely spend more in a game app.

Gaming App Engagement by Gender

There are noteworthy differences in mobile gaming user acquisition costs and post-install action rates by gender.

Pegged at \$3.89 for males compared with \$4.43 for females, the CPIs for male players are 12.2% less than for females. However, more females register and spend within games, making them the more cost effective demographic to acquire overall.



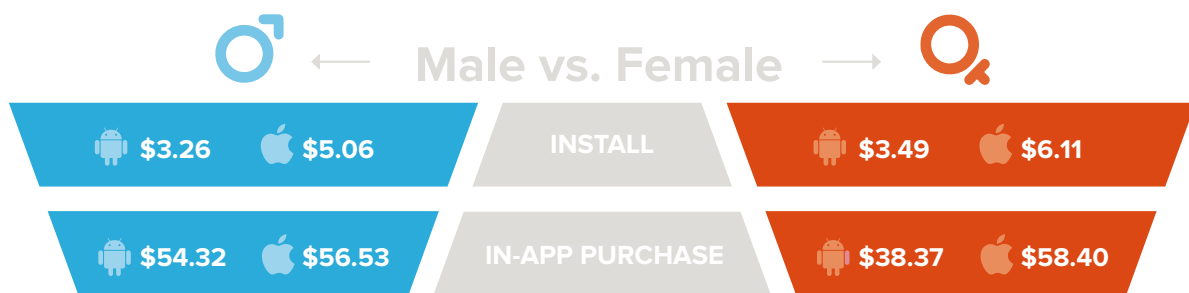
GAMING APP ENGAGEMENT BY GENDER



The cost of acquiring males who register within a gaming app is 20.2% more than for females.

Gaming App Engagement by Gender and Platform

Dig a bit deeper into the data, and a comparison of cost-per-action (CPA) by gender and by OS platform offers some surprises. Interestingly, CPIs are 20% less for male iOS users compared with female iOS users.



GAMING APP ENGAGEMENT BY GENDER AND PLATFORM



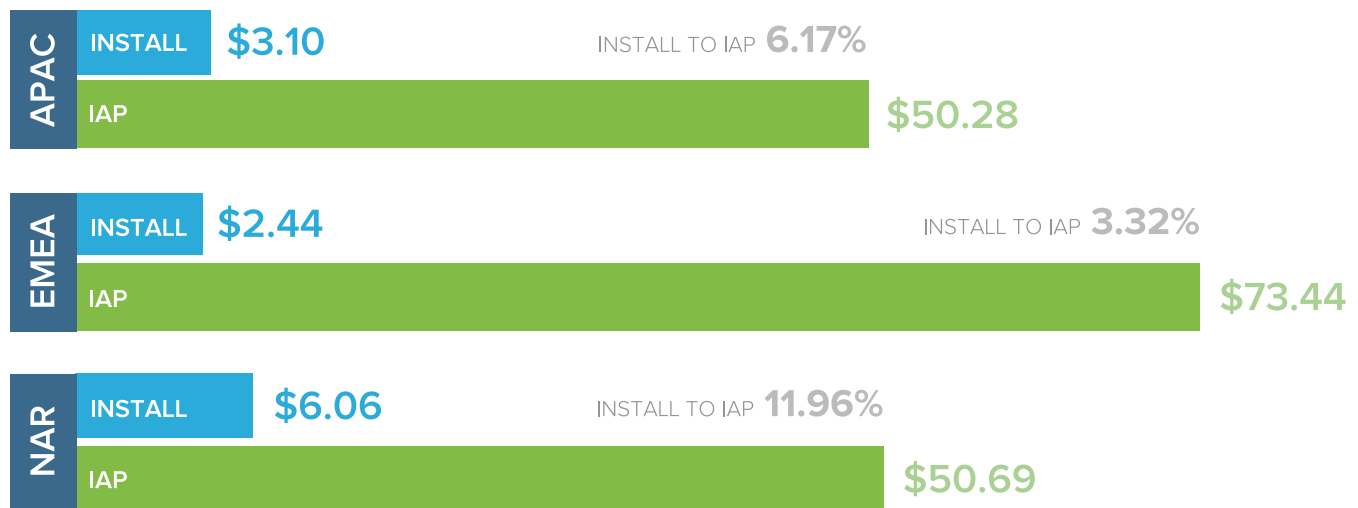
Cost-per-IAP among Android users is nearly one-third less for females compared to males.

Gaming App Engagement by Region

Gaming app engagement varies greatly by geography. The 2017 Mobile Gaming Apps report compares cost-per-install and cost-per-IAP across three regions: APAC, EMEA and North America.

Not surprisingly, cost-per-install in North America is nearly 2.5x more than in EMEA. This is linked to the high iOS adoption rate in the U.S. – just over 38% as of February 2016 compared with just over 20% in Europe’s five largest markets (Germany, the UK, France, Italy, and Spain). Worldwide, iOS accounts for roughly 12% of all smartphones.

Another factor is the higher cost of advertising on iOS vs Android. MoPub – a leading mobile monetization platform for apps– reports that eCPMs (effective cost per thousand impressions) for mobile ads is 36.6% more expensive on iOS than on Android.

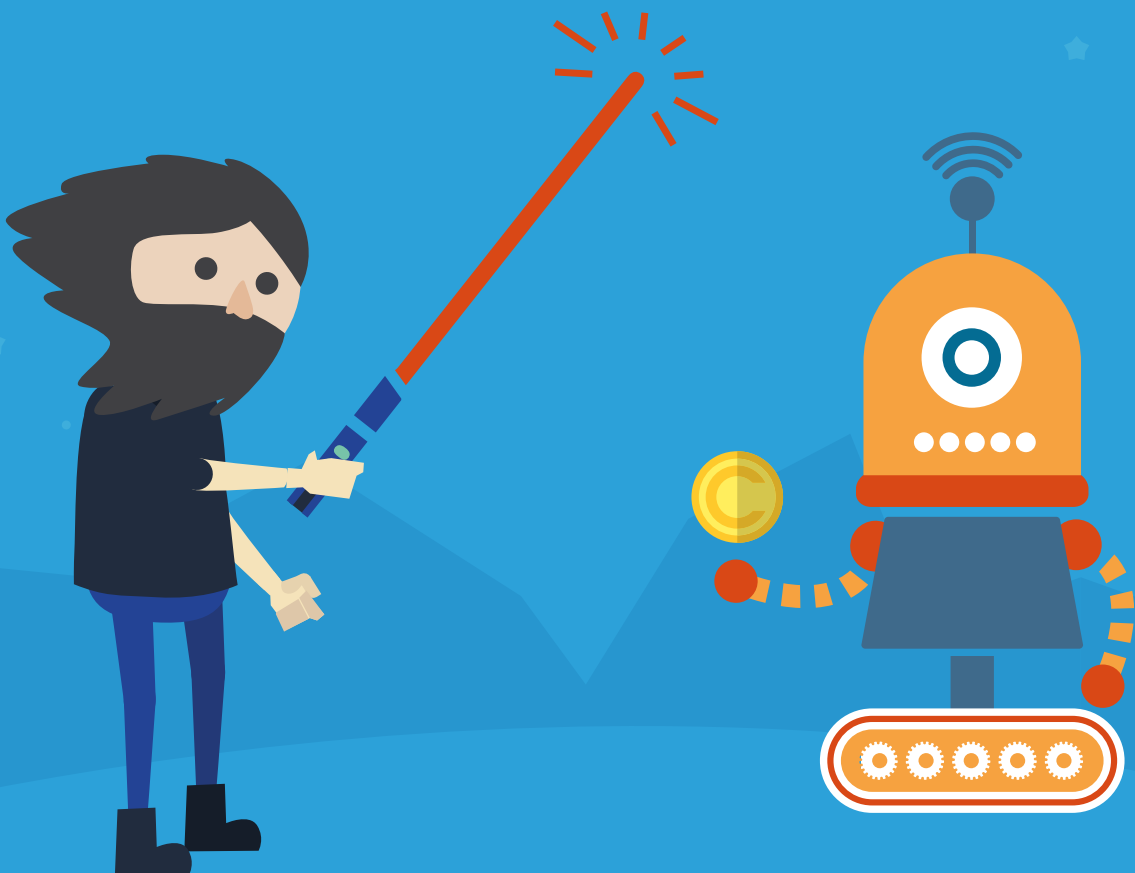


GAMING APP ENGAGEMENT BY REGION



In North America, the install-to-purchase rate is nearly 4x higher than in EMEA

Monthly Trends



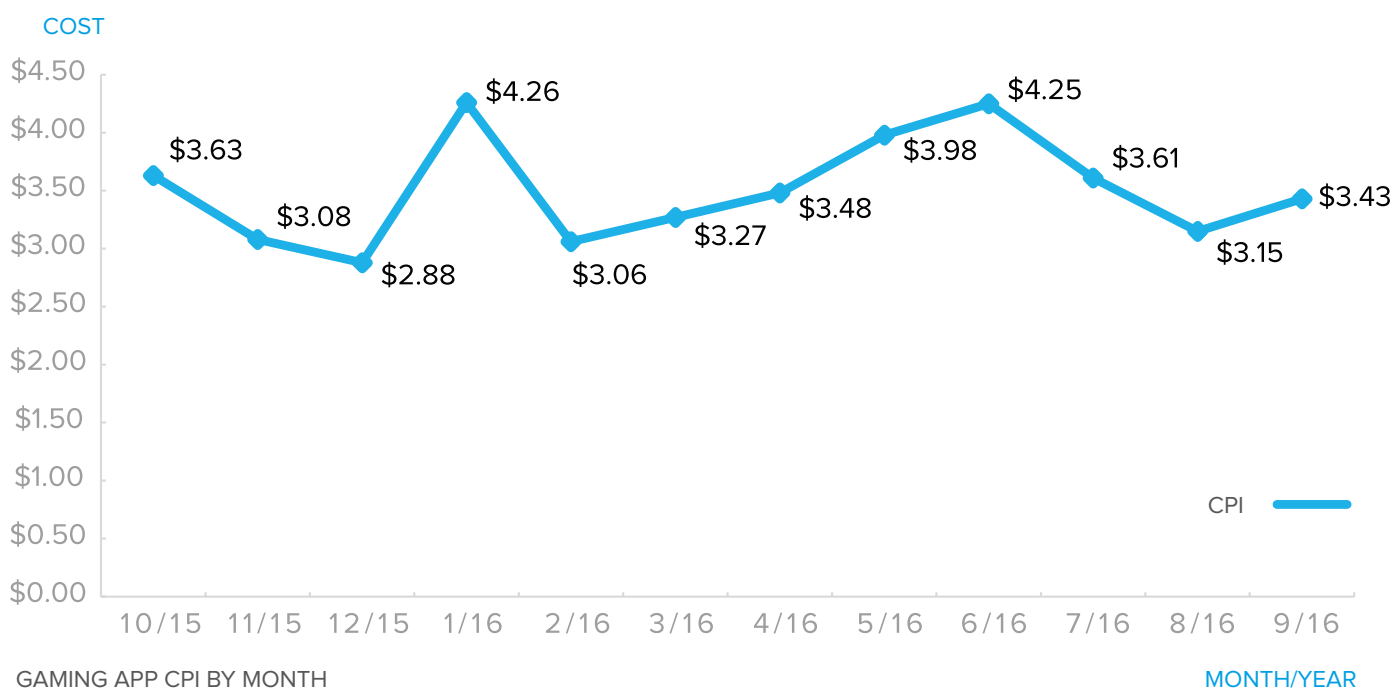
Monthly Trends

Cost-per-Install by Month

Seasonality is a huge factor that impacts acquisition costs and cost-per-action.

Data shows CPIs reached a low of \$2.88 in December, a number that then skyrocketed to \$4.26 in January. This jump can be linked to ad spend increases over the holiday period and the influx of eager users exploring and

installing gaming apps for the first time on new devices they received as holiday gifts. The average CPI for the period October 2015 - October 2016 comes in at \$3.51.



"In my experience, CPIs tend to spike starting around mid December, lasting through end of the year. It's an expensive time as we're competing with big developers and brand marketing dollars."



Winnie Wen - Senior Manager, User Acquisition of WB Games

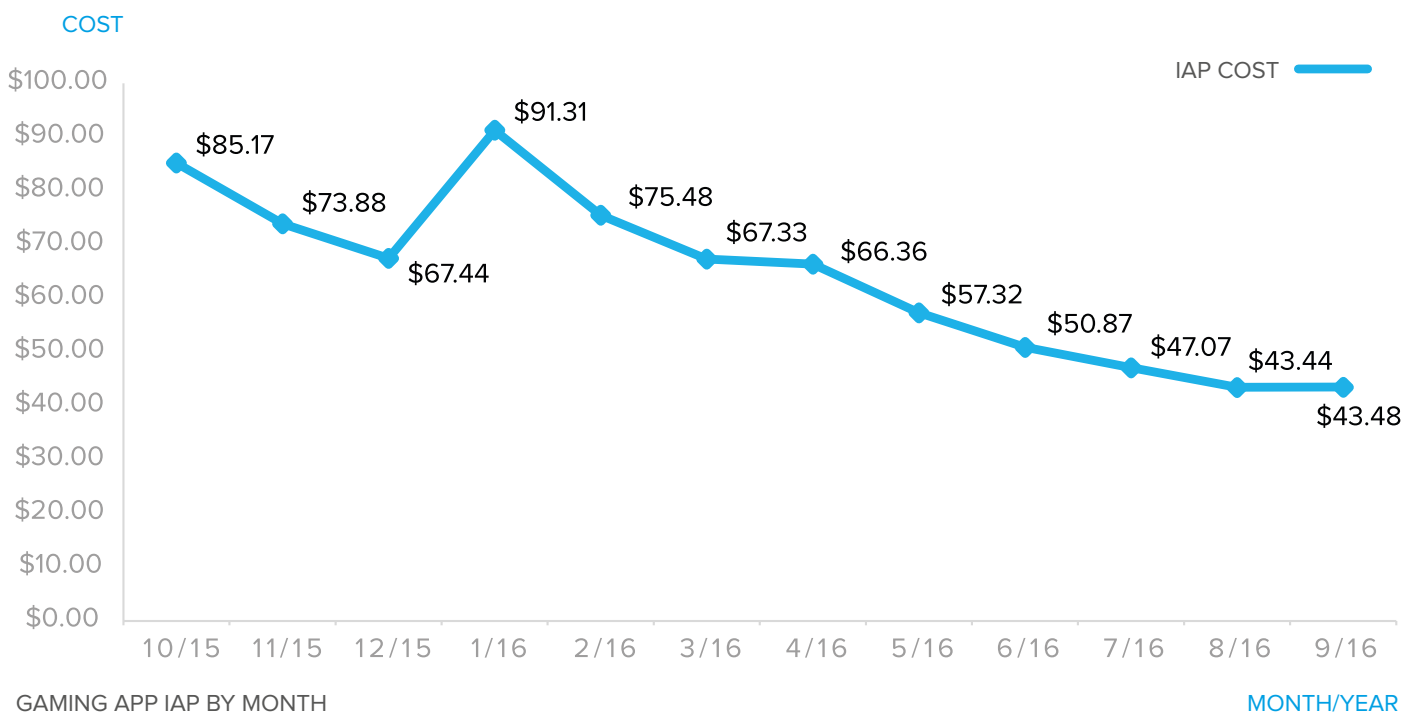
Monthly Trends

In-App Purchase Cost by Month

Summer is a “hot time” for mobile games and engagement.

Data shows that cost-per-IAP varies in the winter weeks running up to the holidays, then spikes January before showing a steady decline in the months that follow. This number hits a low in August of \$43.44.

More players purchase in-app during summer months, spending to acquire virtual currency, unlock levels, remove advertising – and the list goes on.

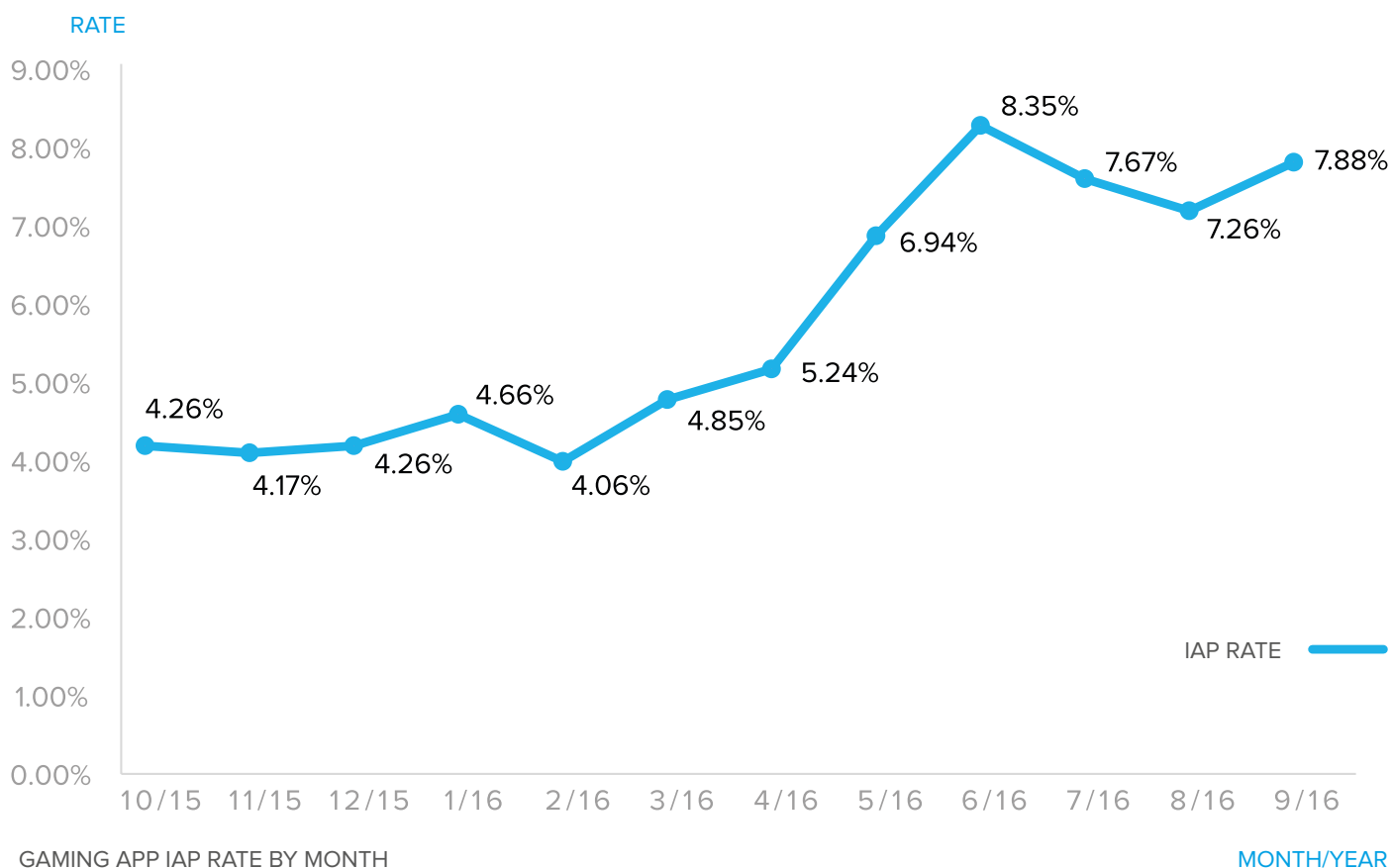


Monthly Trends

In-App Purchase Conversion Rates by Month

Over the 12 month period analyzed, In-app purchase conversion rates climbed steadily, peaking at 8.35% in June. As schools break for summer and people vacation, free time is abundant – and so are opportunities for

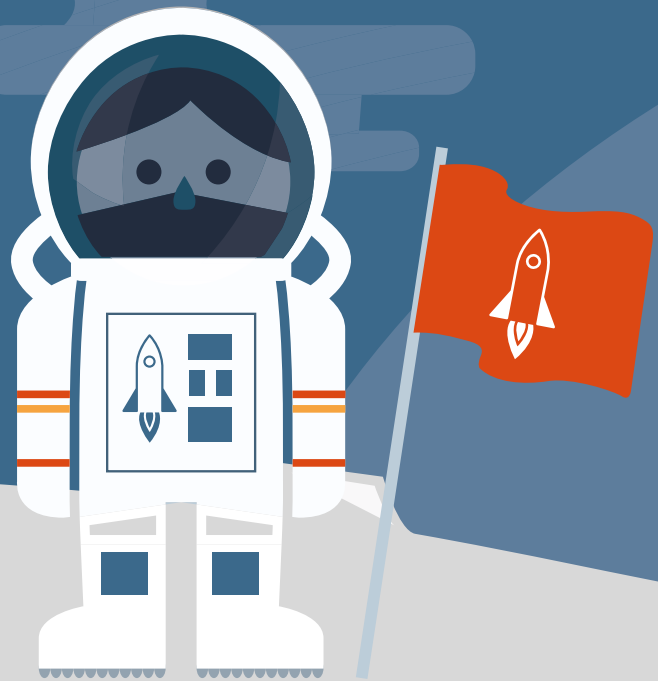
users to explore and engage with games. As players are vastly more engaged during this period it follows that it also costs less to acquire them.



“Summer 2016 was a great season for us; we saw great IAP numbers across our games. If I see IAP rates trending up and sustaining, I am more aggressive.”

 David Yi - User Acquisition Manager, Storm8

Engagement by Subcategory



Engagement by Gaming Subcategory

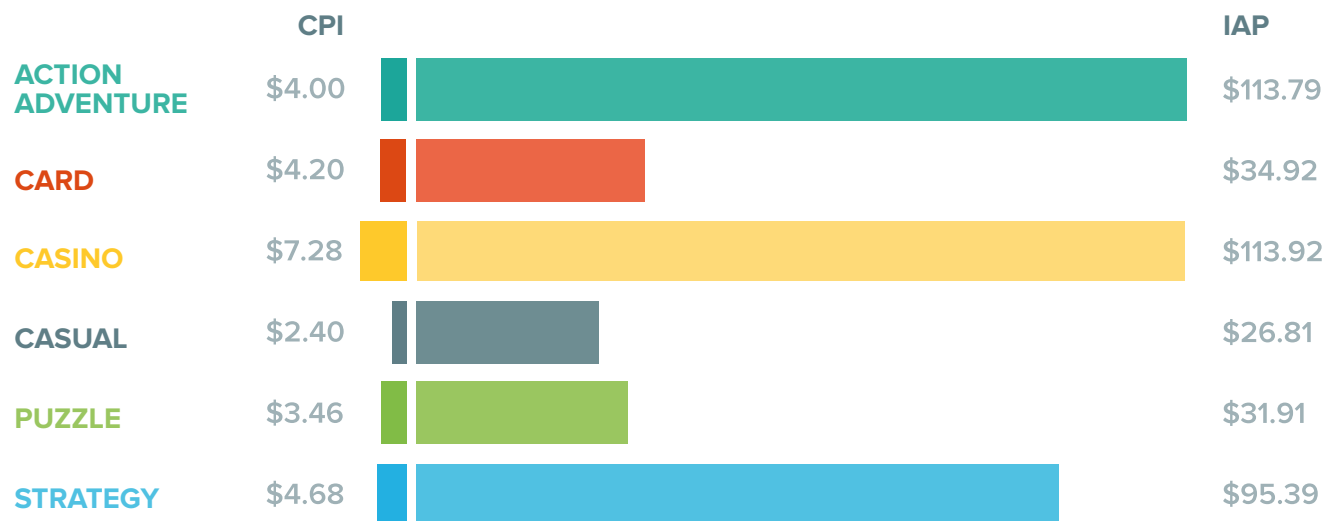
Acquisition Costs

There are surprising differences between gaming app subcategories. To highlight these we break the data down into six groups: action-adventure, card, casino, casual, puzzle and strategy games.

Casual games – thanks to their mass market appeal – lead the pack when it comes to CPIs and first-time CPAs. Simple rules and gameplay that requires users to commit little time and effort clearly add up, and pay off for publishers, as CPIs for this app subcategory come in at just \$2.40. Casual games also place first when it comes to low cost-per-IAP (\$26.81), suggesting that the easy gameplay

removes much of the friction around making in-game purchases.

At the other end of the spectrum, it would appear that strategy players cost more to acquire and convert, likely due to increased competition and the higher value than can be extracted by the highly engaged and loyal ‘tribes’ that tend to play these games over months, not days.



GAMING APP ENGAGEMENT BY SUBCATEGORY



Casual gamers are less expensive to acquire and convert – with the cost-per-IAP coming in at a massive 4.25x less than casino games.

Engagement by Gaming Subcategory

Install-to-Purchase Rates

A breakdown of install-to-purchase rates by gaming subcategory debunks some of the myths around gaming engagement.

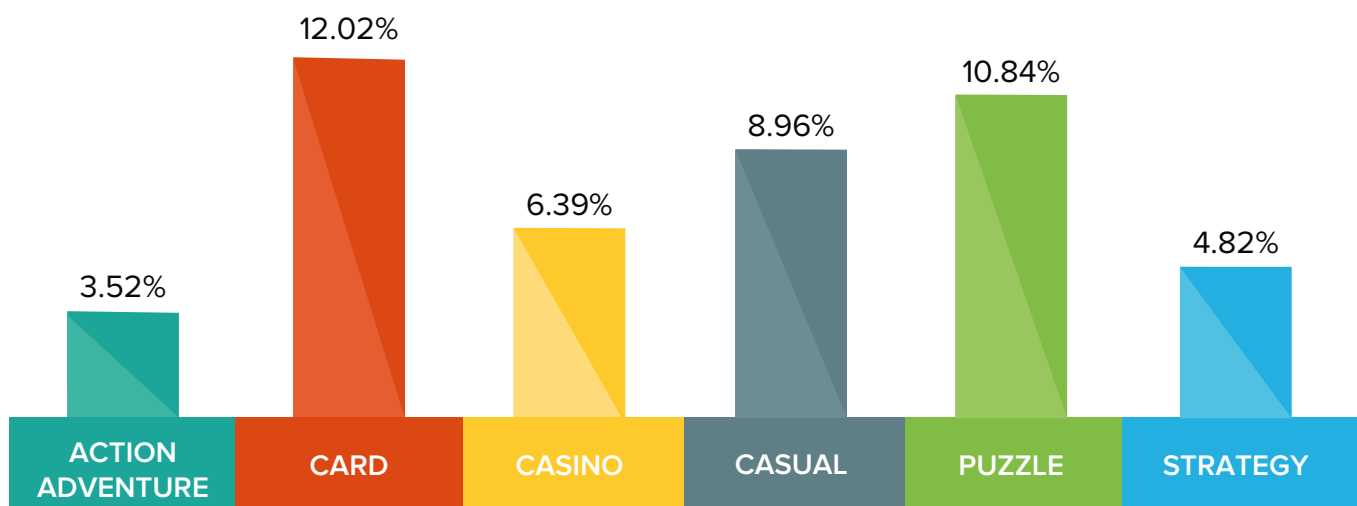
For example, we observe that action-adventure games – despite gameplay that emphasizes problem-solving and draws from a solid storyline – have the least engaged users. In contrast players of card games have the most engaged users.

It's a surprising outcome that could be determined by a number of factors including

the quality of the action-adventure gameplay, the ability of payment mechanics to allow frictionless purchases, or the actual app lifespan (as some action-adventure gameplay spans years, not months, and our data examines activity over a 12-month period). Whatever the reasons, there is ample evidence that you can wring high value out of card game players.



Mobile card game players are 241% more likely to purchase in-app than players of action-adventure gaming apps.



GAMING APP IAP BY SUBCATEGORY

Conclusion

Mobile games are a monstrously BIG business – continuing to account for the vast majority of revenues generated by the total number of apps globally.

The 2016 [Newzoo Global Games Market Report](#), for example, estimates gaming apps generated \$36.9 billion, or 37% of total global gaming revenue in 2016. Meanwhile, app analytics company App Annie projects that gaming apps will continue to hold the number one position in a global and growing mobile app economy set to be worth a whopping \$101 billion by 2020. App Annie reports that revenue generated by gaming apps will hit \$41.5 billion in 2016 and reach \$74.6 billion by 2020.

But winning big in a growing market demands you plan your marketing and user acquisition efforts and strategies based on real numbers and proven insights. “Spray and pray” is an approach that will see you squander budget, not boost conversions. To drive positive results for your games business, you need to use data that allows you to understand the *real* costs associated with acquiring an engaged user.

Platforms – When comparing acquisition costs by event, Android performs better than iOS. But dig deeper, and it’s clear that iOS users, though expensive to acquire, are more highly engaged with games post-install and more likely to complete an in-game purchase than their Android counterparts. Even though iOS gamers may cost more initially, they convert at a higher rate and usually spend more than Android users thus making them more attractive to acquire.

Gender – Acquiring male players for your game costs less than it does to acquire females. However, the effort to acquire females appear to pay off in the end as they also lead in registrations and in-app purchases.

Region – Comparisons across North America, EMEA and APAC show that North America is a region of sophisticated – and significantly more costly – users. Overall, CPIs in North America are roughly 2.5x more than EMEA. Meanwhile, the install-to-purchase engagement rate in North America is 260% higher than EMEA.

Subcategories – A breakdown of all games into six key categories (action-adventure, card, casino, casual, puzzle and strategy games) reveals that casual games players cost the least to acquire. The costs to acquire in-app purchasers is also the lowest in this subcategory.

Whether you are looking for *whales* or just want to plan a more effective and comprehensive app marketing strategy, you need to “fish where the fish are.” This data-driven report is full of insights around the characteristics and contexts that signal opportunity. Use it to capture and convert the audience that makes sense for your app business and budget.

